



State of Connecticut

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February 18, 2010

Senator Prague, Representative Ryan, Representative Noujaim and Senator Guglielmo and distinguished members of the committee, it is a pleasure to speak to you this afternoon in support of HB 5061.

For the record, I am Matt Lesser, Representative of the 100th District.

I want to thank the committee for raising this bill for a second year. After a similar bill was introduced in this committee last year, similar legislation was introduced in other states and in Congress, indication of the fact that this is a serious and growing concern nationally. I want to thank the chairs, the vice chairs and in particular ranking member Noujaim for your hard work in reaching across the aisle to craft a robust but fair bill that appropriately balances the interests of workers and employers.

We are in the midst of a recession. Whether due to personal or medical-related bankruptcy, business failure, home foreclosure, job loss or any of a variety of other factors, many middle class residents of this state, many of our friends and neighbors, are facing bad credit, and often for the first time in their lives.

Imagine for example that you lose your job in a layoff, max out your credit cards, and have your credit history damaged as a result. Imagine then, as you apply for jobs not getting them solely because you owe money to credit card companies.

It is a credit catch-22, and it is not nearly as rare as you might think.

According to a survey by the Society for Human Resource Management, nearly 50% of employers now examine their employees' credit histories. This usually occurs at the same time as a criminal background search.

It is hard enough to find a job right now as it is. Job creation should be our top priority this legislative session, but this is a significant barrier to employment for many in our state.

In a few cases, employers may have valid reasons for conducting credit checks on their employees and their prospective employees. The bill this committee has raised recognizes that fact, and allows legitimate checks.

In the vast majority of cases, however, employers have no valid reason to pry into their employees' credit histories.

Last year, a representative of one of the three major credit reporting agencies admitted as much when he testified in opposition to a similar bill before the Oregon legislature.

Eric Rosenberg, Director State Government Relations at TransUnion said,

"At this point we don't have any research to show any statistical correlation between what's in somebody's credit report and their job performance or their likelihood to commit fraud." -

The reasons against employer credit checks are numerous: this is an invasion of an employee's privacy, several studies have shown that credit reports are filled with errors, the growing problem of identity theft means a victim's credit history can be damaged for years, and people of color and those with significant medical and mental health histories are disproportionately disadvantaged by credit screening. Most importantly, owing money is not a crime. If you cannot get a job, you cannot pay off the money you owe.

Those are the reasons against. But as the industry has even conceded, there is no actual evidence that workers with poor credit history or a low credit score are any worse employees than anyone else, or any more likely to commit fraud or any other crime than anyone else.

Except for a small number of mostly out of state firms that profit from this practice, there is little upside to employment credit screening. The costs, however, are significant.

I thank the committee again for raising this bill, for your indulgence in hearing my testimony, and ask that you report it out favorably.